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Proposed Attorneys for Debtor Naartjie Custom Kids, Inc.

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF UTAH, CENTRAL DIVISION**

In re:

Case No. 14-29666

NAARTJIE CUSTOM KIDS, INC.,

Chapter 11

Debtor.

Judge William T. Thurman

**WITHDRAWAL OF DEBTOR'S DIP FINANCING MOTION
[DOCKET NO. 24]**

Naartjie Custom Kids, Inc. ("Naartjie" or "Debtor"), the debtor in possession in the above captioned bankruptcy case, by and through its proposed counsel, hereby withdraws the *Debtor's Motion for Interim and Final Orders (I) Authorizing Debtor in Possession to Obtain Post-Petition Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, 363 and 364; (II) Granting Liens, Security Interests, and Superpriority Claims; (III) Authorizing Use of Cash Collateral; (IV)*

Modifying the Automatic Stay; (V) Scheduling a Final Hearing; and (VI) Granting Related Relief
[Docket No. 24] (the “DIP Motion”).

As stated in the DIP Motion, the Debtor had an agreement with Victory Park Capital Advisors, LLC (“Victory Park”), to lend the Debtor \$8,500,000. The Debtor and Victory Park agreed that the transactions contemplated by the DIP Loan (as defined in the DIP Motion) may be effected in accordance with and pursuant to the DIP Loan Term Sheet and the entry of an Interim Order and a Final Order without the need for any additional loan documentation. Indeed, the Debtor refrained from filing the DIP Motion until Victory Park confirmed its agreement to provide the requisite financing. The proposed DIP Loan was to be the first step in an overall restructuring to provide funding for the continued operation of the Debtor, including making various critical vendor and shipper payments, and for the ultimate reorganization and exit from bankruptcy by the Debtor.

Despite Victory Park’s agreement to provide the DIP Loan, and absent any material change in the Debtor’s financial condition, on Saturday, September 13, 2014, the day after the Debtor had filed its voluntary petition initiating this bankruptcy case, Victory Park informed the Debtor that it had changed its mind and would no longer fund the DIP Loan as set forth in the DIP Loan Term Sheet (attached as Exhibit 2 to the DIP Motion).

Upon being informed by Victory Park of its decision not to fund the DIP Loan on Saturday morning, the Debtor immediately began negotiations with Salus Capital Partners, LLC, the Debtor’s senior secured lender (“Salus”) to provide working capital to the Debtor while the parties work to facilitate an orderly liquidation. The Debtor and Salus have continued these negotiations through yesterday and today and are currently scheduled to meet tomorrow

morning, Monday, September 15, 2014 in advance of the hearing on the remaining first day motions. Due to the sudden withdrawal of Victory Park as the DIP Lender, the Debtor is not prepared to move forward on the DIP Motion as filed and is thus withdrawing the DIP Motion. However, the Debtor is optimistic that an agreement can be reached with Salus in the coming few days and intends to file an alternative DIP financing motion with the Court.

Because the DIP Motion also significantly impacts the Debtor's Critical Vendor Motion [Docket No. 3], the Debtor is concurrently filing its Motion to Continue Critical Vendor Motion. However, the Debtor plans to proceed with the remaining first-day motions currently set for hearing on Monday, September 15, 2014.

DATED this 14th day of September, 2014.

DORSEY & WHITNEY LLP

/s/ Annette W. Jarvis

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